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SUBJECT: MEDIA REACTION; CHILEAN PRESIDENT MICHELLE BACHELET; US  
SECRETARY OF AGRICULTURE'S COMMENTS ON ARGENTINA AND BRAZIL;

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08/30/07

#### 11. SUMMARY STATEMENT

Leading international stories today include the implications of the protests staged over the Chilean Government's economic and social policies; and comments from US Secretary of Agriculture Mike Johanns on Argentina and Brazil.

#### 12. OPINION PIECES AND EDITORIALS

##### - "Figures"

Marcelo Cantelmi, international editor of leading "Clarn," writes (08/30) "If you take Chile and divide it into five sections and then take into account the total population of the country, you will see that one entire section belongs to three percent of the wealthiest sector.

"... If you take the total income, you will see that more than half, 61 percent of the total, is being distributed among 20 percent of the wealthiest sector, and 20 percent of the other extreme, the poor, only receives 3.3 percent. It has been common knowledge since the times of Bismarck and his welfare state that if the market is not balanced by the government's intervention, the whole structure first trembles and then explodes. Chile is only one example."

##### - "Facing the most painful claim"

Federico Quilodrn, daily-of-record "La Nacisn's" Santiago de Chile-based correspondent, comments (08/30) "Yesterday's demonstration against the Chilean government's economic policy is the greatest challenge and the most painful blow to Socialist President Michelle Bachelet since she took office. Lastly, it is a claim from her own allies for more equitable income distribution, one of Bachelet's most important 'mottos'...

"The complaint about the model, which is considered 'neo-liberal' and is opposed by the Central Unitaria de Trabajadores (CUT) trade union, was also supported by three out of the four political parties making up the government coalition and included the mobilization of official legislators. The left wing of the alliance supported the discontent over the system, and only centrist Democracia Cristiana distanced itself from the protest demonstration.

"The president seemed not to be affected by the blow and only reiterated her willingness to hold negotiations...

"Bachelet is convinced that her dedication to social justice is unquestionable.

"Her Economy Minister, Andrs Velasco, an economist with a US degree, is the one who implemented Chilean economic policies, and trade unions and political leaders are opposed to him.

"Bachelet again supported him in spite of the fact that, in his efforts to manage public finances, Velasco was one of those who was determined to implement the controversial Transantiago transportation plan, with all its shortfalls and the damage it inflicted on the president's popularity.

"... One indicator of the prevailing inequality in the country, in spite of the economic bonanza, has been the Catholic Church's criticism."

- "The US advises Argentina to further open its economy to the world"

Alejandro Bianchi, columnist of business-financial "El Cronista" on special assignment in Decatur, Illinois, writes (08/30) "The USG again made clear that on trade issues Brazil continues leading Argentina. During a press round table held yesterday, Mike Johanns, US secretary of Agriculture, said that Argentina and Brazil 'should admit that opening their markets will be positive for their economies' and that those opposing free trade deals 'are taking the wrong direction.'

"Johanns made these statements in the framework of the Farm Progress Show...

"When 'El Cronista' asked him what will happen to those countries refusing to sign a free trade deal with the US, Johanns identified who is the most important partner for the US.

"The USG official said 'Brazil is a world competitor, it carried out negotiations with us at the WTO and is close to us in many of our local issues; it needs the international market for its agricultural market.' 'Argentina and Brazil should work to access the world

market and also admit that opening their markets will be positive for their economies.'

"... So far, Argentina has always taken refuge in Mercosur. While Brazil agrees on this point with Argentina and is also aware of its world potential, it has flirted lately with reaching an FTA with the US, as Uruguay did. During US President George Bush's last visit to Brazil, their joint statement to promote the world development of bio-fuels was an example.

"... We should also recall that Chile is the only country in the Southern Cone that has reached a free trade deal with the US, which is in force."

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